



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

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BAKER SUBCOMMITTEE HEARING WILL EXAMINE HIDDEN TAXES RESULTING IN OVERCHARGES OF SEC FEES

Chaired by U.S. Rep. Richard H. Baker (LA), the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises will hear testimony on the overtaxation of American investors through Securities and Exchange Commission (SEC) fees. The hearing will begin at 9:30 a.m. Wednesday, March 7, in Room 2128 Rayburn House Office Building.

"This year, the SEC will collect an estimated \$2.5 billion in fees compared to the \$422 million for the agency's operating budget. That's a \$2 billion surplus that belongs to the people. And to quote President Bush, I'm here on their behalf asking for a refund," Baker said.

As a result of excessive fees, Americans sacrifice dividends and long-term capital appreciation in their stock mutual funds and equity retirement investments.

Since 1990, American investors have been overcharged in fees that were created to fund the SEC by **almost \$9.2 billion**. During every year of that time period, the agency has been overfunded, with the proceeds being funneled to other Washington programs. The excess amount paid by American investors has ranged from a low of 139 percent of the agency's needs (1990) to 617 percent (2000), more than six times the annual amount needed to fund the SEC.

"The booming markets of recent years have been very profitable for the government at the expense of America's investors and retirees," said House Financial Services Chairman Michael G. Oxley (OH). "Let's stop using the bull markets as a cash cow for government bureaucracy. Let's stop overtaxing the American investor."

An estimated 80 million investors, half of U.S. households, own stock directly or indirectly. This includes millions of Americans who own mutual funds, 401ks, and employer-sponsored pension plans.

Oversight and Investigations Chair Sue W. Kelly (NY) said, "American investors are being overtaxed to the tune of \$2 billion a year. These fees are excessive and unfair. When people invest in a mutual fund or other investment, they need to know they are investing in their own future, not giving the federal government a handout. It's time to give investors and taxpayers a break."

"These fees have grown into an unrelenting tax on investors and capital," said U.S. Rep. Vito Fossella (NY). "The fees hinder productivity, limit investment, reduce the efficiency of the markets and restrain economic growth. Reducing them will help to strengthen America's economy and expand opportunity throughout the nation. It will also allow investors to keep more of their own money to invest, save or spend on themselves and their families. Along with my colleagues, I am working on legislation to reduce these fees so that investors can keep more of their hard-earned money."

The House Financial Services Committee will move legislation to reduce SEC fees.

Witnesses scheduled to testify are:

Panel I

Senator Phil Gramm

Senator Charles E. Schumer

Panel II

Laura Unger, Acting Chair, Securities and Exchange Commission

Panel III

Scott Evans, Executive Vice President, CREF Investments, Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF)

Christopher C. Quick, Chief Executive Officer, Fleet Meehan Specialist, Inc.

James A. Toes, Director, Merrill Lynch & Co.

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